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Financing of the United Nations peacekeeping forces in the Middle East: United Nations Interim Force in Lebanon

Financial performance report of the United Nations Interim Force in Lebanon for the period from 1 July 1999 to 30 June 2000

Report of the Secretary-General

Summary

The present report contains the financial performance report of the United Nations Interim Force in Lebanon (UNIFIL) for the period from 1 July 1999 to 30 June 2000. The General Assembly, by its resolution 53/227 of 8 June 1999, appropriated an amount of $148,904,683 gross ($144,875,283 net) for the same period. In addition, a commitment authority in the amount of $12 million was provided by the Advisory Committee on Administrative and Budgetary Questions in a letter from its Chairman to the Secretary-General dated 26 May 2000.

Expenditures for the period totalled $149,475,700 gross ($146,146,100 net), excluding budgeted voluntary contributions in kind of $135,000, resulting in an overrun of $571,000 gross ($1,270,800 net).

The overrun was mainly owing to additional prefabricated buildings, transport, air support, communications and electronic data-processing equipment, and other critical equipment in terms of safety and security of the troops were funded in order to meet the most immediate requirements related to the expansion of the Force following the full withdrawal of Israeli forces from southern Lebanon. The overrun was also attributable to delayed liquidation of obligations no longer required under military personnel costs.

The actions to be taken by the General Assembly in connection with the financing of the Force are set out in paragraph 19 of the present report.

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I. Introduction

1. The United Nations Interim Force in Lebanon (UNIFIL) was established for an initial period of six months by the Security Council in its resolution 425 (1978) of 19 March 1978. The mandate of the Force has subsequently been extended by the Council in various resolutions, the latest of which was resolution 1310 (2000) of 27 July 2000, by which the mandate was extended until 31 January 2001.

2. The budget for the maintenance of UNIFIL for the period from 1 July 1999 to 30 June 2000 was set out in the report of the Secretary-General dated 4 February 1999 (A/53/819) and amounted to $140,044,200 gross ($136,014,800 net). It provided for the maintenance of the Force, consisting of 4,513 troops (3,518 infantry and 995 logistics), supported by a civilian establishment of 491 (147 international and 344 Local level) posts.

3. On the recommendation of the Advisory Committee on Administrative and Budgetary Questions (see A/53/895/Add.1, para. 55), the General Assembly, by its resolution 53/227 of 8 June 1999, appropriated an amount of $148,904,683 gross ($144,875,283 net) for the maintenance of UNIFIL for the period from 1 July 1999 to 30 June 2000, inclusive of the amount of $7,407,886 for the support account for peacekeeping operations and the amount of $1,452,597 for the United Nations Logistics base at Brindisi, Italy. That amount has been assessed on Member States.

4. In a letter to the Chairman of the Advisory Committee dated 25 May 2000, the Controller informed the Committee that, on 17 April 2000, the Secretary-General received formal notification from the Government of Israel that it would withdraw its forces from Lebanon by July 2000 in full accordance with Security Council resolution 425 (1978) and 426 (1978). The Secretary-General was further informed that, in doing so, the Government of Israel intended "to cooperate fully with the United Nations" (see S/2000/322).

5. The Controller also informed the Committee that subsequently, the Secretary-General, in his report dated 22 May 2000 (S/2000/460), submitted conclusions and recommendations regarding the plans and requirements for the implementation of those two resolutions and all other relevant resolutions. On 23 May 2000, the president of the Security Council, speaking on behalf of the Council, stated, inter alia, that the Security Council: welcomed and strongly endorsed the report of the Secretary-General; welcomed the intention of the Secretary-General to take all necessary measures to enable UNIFIL to confirm that a complete withdrawal of Israeli forces from Lebanon had taken place in compliance with resolution 425 (1978) and to take all necessary steps in order to deal with possible eventualities, bearing in mind that the cooperation of all parties would be essential; and endorsed the requirements put forward by the Secretary-General (S/PRST/2000/18).

6. Based on the requirements put forward by the Secretary-General, as described in paragraphs 31 to 35 of his report, and the expectation that troop strength would rise from its present level of 4,513 to approximately 5,600, and later to approximately 7,935, the Controller stated that it had been determined that the following immediate actions would be carried out during the remaining weeks up to the end of the 12-month period from 1 July 1999 to 30 June 2000: (a) an increase in troop strength, in order to carry out the tasks related to confirming the withdrawal from the level of 4,513 by 1,087 to approximately 5,600 as of 30 June 2000;

(b) provision for airlift as well as sea shipment costs and one-month reimbursement to troop-contributing Governments for provision of 29 armoured personnel carriers and 4 reconnaissance vehicles under the memorandum of understanding arrangement; (c) provision for contractual services related to explosive ordnance disposal, mine reconnaissance and mine-clearing operations; (d) provision for the hiring of two additional helicopters with their crews; and (e) immediate acquisition of transport, communications, electronic data processing and other equipment; and (f) acquisition of some maintenance and miscellaneous supplies. The Controller also noted that the expansion would require immediate strengthening of the Force's international civilian and Local level staffing establishment on a provisional basis, pending determination of the actual additional requirements which would be submitted in the context of the revised budget proposals for the period from 1 July 2000 to 30 June 2001. He stated his understanding that any such additional posts provisionally provided to UNIFIL to meet its most immediate requirements would be without prejudice to prospective consideration and approval of the revised budget for 2000-2001 by the Advisory Committee and by the General Assembly.

7. On the basis of these assumptions, the Controller estimated the related resource requirements to implement those most immediate actions during the remaining weeks up to 30 June 2000 at $12 million and requested the concurrence of the Advisory Committee to enter into additional commitments up to that amount.

8. The Advisory Committee concurred in the Controller's request in the letter of its Chairman to the Secretary-General dated 26 May 2000. The commitment authority amount of $12 million authorized by the Advisory Committee has not been assessed on Member States.

9. Exclusive of the commitment authority granted by the Advisory Committee (see para. 8 above), the actual expenditures and obligations (which included requirements for expansion of the Force) incurred for the period from 1 July 2000 to 30 June 2001 of $149,475,700 gross ($146,146,100 net) exceeded the amount of $148,904,683 gross ($144,875,283 net) appropriated by the General Assembly in its resolution 53/227 by $571,000 gross ($1,270,800 net). However, based on an analysis of the status of unliquidated obligations, the Secretary-General believes that this overrun of $571,000 gross ($1,270,800 net) will be eliminated through liquidation of certain unliquidated obligations. For this reason, the Secretary-General is recommending that the General Assembly take no financing action on this additional amount (see part V, para. 19, below).

II. Implementation of the budget

10. Information on the operation of UNIFIL during the period under review is contained in the reports of the Secretary-General to the Security Council dated 21 July 1999 (S/1999/807), 17 January 2000 (S/2000/28), 22 May 2000 (S/2000/460) and 20 July 2000 (S/2000/718).

11. Budget performance of the Force in the financial period 1999/00 was largely influenced by the significant change in operational requirements during the last two months of the financial period following the withdrawal of the Israeli Defence Forces from southern Lebanon. To address the changed operational situation, an urgent expansion programme was planned and initiated in early May 2000 to augment troop strength from an authorized level of 4,513 at that time to

approximately 5,600 by the end of June 2000, together with related support requirements. Actual augmentation of the Force was not attained as anticipated (only 4,871 troops was in theatre as at 30 June 2000). However, urgent actions in support of the expansion of the Force was carried out. These included construction of new prefabricated buildings critical to the realignment of newly established positions and expanded existing positions; acquisition of additional transport, air support, communications equipment, electronic data-processing equipment, office equipment, accommodation equipment and miscellaneous equipment, bearing in mind the increased mobility demanded of the Force as a result of its re-configuration along the withdrawal line (Blue Line); obtaining of contractual services for telecommunications, explosive ordnance disposal, mine reconnaissance and mine-clearing operations, for airlifting and sea shipment of armoured personnel carriers, demining equipment and engineering equipment, and for one month's reimbursement to troop-contributing Governments for their armoured personnel carriers and reconnaissance vehicles brought into UNIFIL for the expansion of the Force.

12. However, for the reason explained in paragraph 9 above, these additional requirements will be absorbed within the original approved budget level for UNIFIL for the period from 1 July 1999 to 30 June 2000, as a result of other savings realized. The savings occurred under civilian personnel were due to an average vacancy rate of 24 per cent for international staff (compared to the budgeted rate of 5 per cent), and to the fact that a number of senior local staff were temporarily assigned to other duty stations and were replaced by local staff at lower salary levels.

III. Financial performance report for the period from 1 July 1999 to 30 June 2000

13. As indicated in table 1 below, expenditures for the period from 1 July 1999 to 30 June 2000 amounted to $149,475,700 gross ($146,146,100 net), inclusive of $43,178,000 in unliquidated obligations, compared with the appropriation of $148,904,683 gross ($144,875,283 net). No additional appropriation is being sought for the overrun of $571,000 gross ($1,270,800 net), as it will be covered through the liquidation of obligations no longer required for the period. Annex I to the present report contains financial performance information for the reporting period by budget line item, with supplementary information on significant variances presented in annex II. Annex IV contains a chart showing apportionment and expenditures by main budget groups.

Table 1
Apportionment and expenditure
(Thousands of United States dollars)

Category of expenditure	*Apportionment*	*Expenditure*[a]	*Variance*
Military personnel	79 242.0	79 878.3	(636.3)
Civilian personnel	26 051.1	21 515.6	4 535.5
Operational requirements	30 695.7	35 876.2	(5 180.5)
Other programmes	26.0	15.5	10.5
United Nations Logistics Base at Brindisi	1 452.6	1 452.6	-
Support account for peacekeeping operations	7 407.9	7 407.9	-
Staff assessment	4 029.4	3 329.6	699.8
Gross requirements	**148 904.7**	**149 475.7**	**(571.0)**
Income from staff assessment	(4 029.4)	(3 329.6)	(699.8)
Net requirements	**144 875.3**	**146 146.1**	**(1 270.8)**
Voluntary contributions in kind (budgeted)	135.0	135.0	-
Voluntary contributions in kind (non-budgeted)	-	-	-
Total resources	**149 039.7**	**149 610.7**	**(571.0)**

[a] Includes an amount of $43,178,000 in unliquidated obligations.

14. Information on the deployment of military contingent and civilian personnel during the reporting period is presented in table 2 below and detailed in annexes II and III to the present report.

Table 2
Authorized staffing, incumbency and vacancy rates for military and civilian personnel for the period from 1 July 1999 to 30 June 2000

Personnel category	*Authorized strength (average)*	*Actual strength (average)*	*Vacancy rate (percentage)*
Military observers	-	-	-
Military contingents	4 513	4 528	-
Civilian police	-	-	-
International staff	146	125	24
Local staff	344	344	-
United Nations Volunteers	-	-	-

IV. Other issues

15. As will be recalled, a reserve account for the third-party liability insurance of helicopters for UNIFIL was set up in 1986 expressly as a self-insurance fund against third-party liability for passengers carried by UNIFIL helicopters, since at the time

no coverage by any other insurance plan was available. In later years, a United Nations insurance plan with a section that now covered such third-party liability was set up.

16. In paragraph 13 of the report of the Advisory Committee on the financing of UNIFIL (A/52/860/Add.6), the Committee had expressed its view that there was no longer any need for the reserve account for the third-party liability insurance of helicopters, and had recommended that the reserve fund be eliminated and the unencumbered balance returned to Member States.

17. In paragraph 14 and 15 of its resolution 52/237 of 26 June 1998, the General Assembly decided that, for Member States that had fulfilled their financial obligations to the Force, there would be set off against the apportionment, their respective share of the unencumbered balance of $3,098,190 in respect of the reserve account for the third-party liability insurance of helicopters; and that for Member States that had not fulfilled their financial obligations to the Force, their respective share in the unencumbered balance of $3,098,190 for the reserve account for the third-party insurance of helicopters would be set off against their outstanding obligations. The unencumbered balance has been offset against Member States' assessment for the period from 1 to 31 July 1998, in accordance with the terms set out in the above-mentioned General Assembly resolution.

18. However, the actual balance of $3,284,442 for the reserve account as at 30 June 1998, at close of accounts for the period, was higher than the balance of $3,098,190 as at 29 May 1998 reported by the Secretariat to the General Assembly. The difference of $186,252 is due to interest income recorded during the period from 28 May to 30 June 1998. Accordingly, the Secretary-General recommends that a similar action be taken by the General Assembly at its forthcoming resumed fifty-fifth session on the treatment of this remaining balance in connection with the reserve account for the third-party liability insurance of helicopters, so that the reserve account can finally be closed.

V. Actions to be taken by the General Assembly at its fifty-fifth session

19. The actions to be taken by the General Assembly in connection with the financing of UNIFIL are:

(a) To take note of the additional requirements in the amount of $571,000 gross ($1,270,800 net) for the operation of the Force for the period from 1 July 1999 to 30 June 2000 and to authorize the Secretary-General to utilize credits in an equal amount arising from the cancellation of obligations pertaining to the same period to meet the additional requirements;

(b) To take a decision on the treatment of the remaining balance of $186,252 in the reserve account for third-party liability insurance of helicopters for UNIFIL.

Annex I

Financial performance report for the period from 1 July 1999 to 30 June 2000: summary statement

(Thousands of United States dollars)

Category of expenditure	*(1)* *Apportionment* [a]	*(2)* *Non-recurrent expenditures*	*(3)* *Total expenditures (inclusive of non-recurrent expenditures)*	*(4) = (1 - 3)* *Variance*
I. Military personnel				
1. Military observers	-	-	-	-
2. Military contingents	77 701.0	-	78 093.9	(392.9)
3. Other requirements pertaining to military personnel				
(a) Contingent-owned equipment	541.0	-	741.0	(200.0)
(b) Self-sustainment	-	-	43.4	(43.4)
(c) Death and disability compensation	1 000.0	-	1 000.0	-
Subtotal, line 3	1 541.0	-	1 784.4	(243.4)
Total, category I	**79 242.0**	**-**	**79 878.3**	**(636.3)**
II. Civilian personnel				
1. Civilian police	-	-	-	-
2. International and local staff	26 051.1	-	21 515.6	4 535.5
3. United Nations Volunteers	-	-	-	-
4. Government-provided personnel	-	-	-	-
5. Civilian electoral observers	-	-	-	-
Total, category II	**26 051.1**	**-**	**21 515.6**	**4 535.5**
III. Operational requirements				
1. Premises/accommodations	2 693.4	3 478.9	4 875.2	(2 181.8)
2. Infrastructure repairs	-	-	-	-
3. Transport operations	17 660.5	10 345.2	17 443.4	217.1
4. Air operations	1 208.9	-	1 578.5	(369.6)
5. Naval operations	-	-	-	-
6. Communications	2 043.6	1 305.2	2 136.3	(92.7)
7. Other equipment	2 817.6	2 232.7	3 256.7	(439.1)
8. Supplies and services	3 888.4	-	4 355.8	(467.4)
9. Air and surface freight				
(a) Transport of contingent-owned equipment	-	-	1 843.4	(1 843.4)
(b) Commercial freight and cartage	383.3	-	386.9	(3.6)
Subtotal, line 9	383.3	-	2 230.3	(1 847.0)
Total, category III	**30 695.7**	**17 362.0**	**35 876.2**	**(5 180.5)**

Category of expenditure	*(1)* *Apportionment* [a]	*(2)* *Non-recurrent expenditures*	*(3)* *Total expenditures (inclusive of non-recurrent expenditures)*	*(4) = (1 - 3)* *Variance*
IV. Other programmes				
1. Election-related supplies and services	-	-	-	-
2. Public information programmes	-	-	-	-
3. Training programmes	26.0	-	15.5	10.5
4. Mine-clearing programmes	-	-	-	-
5. Assistance for disarmament and demobilization	-	-	-	-
Total, category IV	**26.0**	**-**	**15.5**	**10.5**
V. United Nations Logistics Base at Brindisi	**1 452.6**	**-**	**1 452.6**	**-**
VI. Support account for peacekeeping operations	**7 407.9**	**-**	**7 407.9**	**-**
VII. Staff assessment	**4 029.4**	**-**	**3 329.6**	**699.8**
Gross requirements, categories I-VII	148 904.7	17 362.0	149 475.7	(571.0)
VIII. Income from staff assessment	**(4 029.4)**	**-**	**(3 329.6)**	**(699.8)**
Net requirements, categories I-VIII	144 875.3	17 362.0	146 146.1	(1 270.8)
IX. Voluntary contributions in kind (budgeted)	**135.0**	**-**	**135.0**	**-**
X. Voluntary contributions in kind (non-budgeted)	-	-	-	-
Total	**149 039.7**	**17 362.0**	**149 610.7**	**(571.0)**

[a] Based on appropriation provided by the General Assembly in its resolution 53/227.

Annex II

Supplementary information on significant variances

Military personnel

Apportionment: $79,242,000; expenditure: $79,878,300; variance: ($636,300)

1. The additional requirements under this heading resulted from higher requirements for military contingents ($392,900) and other requirements pertaining to military personnel ($243,400).

Military contingents

Apportionment: $77,701,000; expenditure: $78,093,900; variance: ($392,900)

2. The additional requirement of $392,900 was largely attributable to the higher average actual troop strength (4,528) than the average budgeted level (4,513) as a result of the rapid augmentation of the Force to the troop level of 4,871 during the month of June 2000. However, it is noted that the additional requirement was also attributable to delayed cancellation of obligations no longer required which had been established in anticipation of a much higher troop strength (5,600) for the month of June 2000, before the close of accounts. However, this additional requirement is offset in part by savings under rations as a result of favourable prices for ration items obtained from local contractors, and an improved inventory management system that helped to identify low-consumption items for exclusion from subsequent procurement exercises.

Other requirements pertaining to military personnel

Apportionment: $1,541,000; expenditure: $1,784,400; variance: ($243,400)

3. The additional requirement of $243,400 was due to a higher requirement for reimbursement to troop-contributing countries which provided additional troops under self-sustainment for their equipment brought into the mission area based on wet-lease arrangements following the Israeli withdrawal from southern Lebanon.

Civilian personnel

Apportionment: $26,051,100; expenditure: $21,515,600; variance: $4,535,500

4. The unutilized balance under this heading was owing to the average vacancy rate of 24 per cent experienced for international staff (compared with the budgeted rate of 5 per cent) during the period under review, and lower salaries paid to temporary local staff who replaced experienced UNIFIL local staff temporarily assigned to other peacekeeping missions. This unutilized balance was offset in part by additional requirements for travel of cartographic/survey teams to London, Paris and Beirut to examine national archives for identifying a line (Blue Line) for the purpose of confirming the withdrawal of Israeli forces, as well as for other travel to UNIFIL in preparation for the operational changes resulting from the withdrawal of Israeli forces from southern Lebanon.

Operational requirements

Apportionment: $30,695,700; expenditure: $35,876,200; variance: ($5,180,500)

5. The additional requirements under this heading resulted from higher requirements for premises/accommodations ($2,181,800), air operations ($369,600), communications ($92,700), other equipment ($439,100), supplies and services ($467,400) and air and surface freight ($1,847,000), which were offset in part by an unutilized balance under transport operations ($217,100).

Premises/accommodation

Apportionment: $2,693,400; expenditure: $4,875,200; variance: ($2,181,800)

6. The additional requirement was largely owing to the urgent need to purchase additional prefabricated buildings to accommodate additional troops deployed at newly established positions and expanded old positions necessary to achieve effective domination of the area of operation following the withdrawal of Israeli forces from southern Lebanon.

Transport operations

Apportionment: $17,660,500; expenditure: $17,443,400; variance: $217,100

7. The unutilized balance under this heading is mainly due to reduced maintenance costs for a large number of newly purchased vehicles. This unutilized balance was offset in part by higher requirements attributable to the urgent purchase of 52 patrol vehicles for better mobile patrolling and observation of additional observation posts and sandbag positions, higher consumption of petrol, oil and lubricants, owing to extensive additional movement of military vehicles, particularly the armoured personnel carriers, as a result of the redeployment of the Force during the period from April to June 2000, and payment of vehicle insurance premiums related to the prior financial period.

Air operations

Apportionment: $1,208,900; expenditure: $1,578,500; variance: ($369,600)

8. The additional requirement under this heading was mainly due to additional flying hours of the helicopters in order to provide air support in deployment/redeployment activities during the period from April to June 2000. Increased requirements for third-party liability insurance for helicopters as a result of higher global premium rates for United Nations aircraft contracts also contributed to the overrun under this heading.

Communications

Apportionment: $2,043,600; expenditure: $2,136,300; variance: ($92,700)

9. The additional requirements under this heading resulted largely from the need to urgently purchase additional communications equipment (including 21 rural telephone links, 158 AC to DC converters, high frequency (HF) equipment, satellite

equipment, 650 telephone sets, 7 digital cylink, 7 power supply and chassis for cylink, 9 static HF SSB transceiver voice, 2 mobile HF SSB transceiver voice, and 1 voice recording system) and some spare parts to facilitate redeployment of the Force to new positions southwards along the Blue Line. These additional requirements were partially offset by an unutilized balance under commercial communications arising from greater reliance on radio communications and the telephone links provided by UNIFIL during the period from April to June 2000.

Other equipment

Apportionment: $2,817,600; expenditure: $3,256,700; variance: ($439,100)

10. The additional requirements under this heading were attributable to urgent procurement of additional photocopy machines and data-processing equipment (including desktop computers, printers, and routers and accessories, for the expansion of the local area network (LAN)) to equip new positions and the relocation of existing positions as a consequence of the augmentation of the Force following the withdrawal of Israeli forces from South Lebanon. Also necessary was the urgent purchase of additional medical equipment, specialized engineering tools, mine detectors, fire fighting equipment, and helipad equipment to ensure the safety and security of troops and personnel, as required. Additional furniture, catering and other accommodations equipment also had to be obtained. These additional requirements were partially offset by savings under spare parts and the cancellation of the purchase of six day-vision binoculars and four night-vision devices.

Supplies and services

Apportionment: $3,888,400; expenditure: $4,355,800; variance: ($467,400)

11. The additional requirements under this heading for miscellaneous services resulted mainly from additional contractual services requirements for provision of telecommunications and engineering support for the expansion of the Force, unforeseen costs for treatment and consultation of a number of urgent and complicated medical cases that could not be handled by the UNIFIL hospital, additional bank charges and losses on currency exchange rates on transactions. Under miscellaneous supplies, there were greater requirements under field defense stores, quartermaster and general stores and office supplies, owing to increased operational activities. These additional requirements were partially offset by unutilized balances resulting from lower requirements than budgeted under claims and adjustments, medical supplies, sanitation and cleaning materials and uniform items, flags and decals.

Air and surface freight

Apportionment: $383,300; expenditure: $2,230,300; variance: ($1,847,000)

12. The shortfall under this heading was due to freight costs incurred for the airlifting of urgently needed armoured personnel carriers, as well as sea transport of other armoured personnel carriers, demining equipment and engineering equipment associated with the augmentation of the Force.

Other programmes

Apportionment: $26,000; expenditure: $15,500; variance: $10,500

Training programmes

Apportionment: $26,000; expenditure: $15,500; variance: $10,500

13. The unutilized balance under this heading was due to the cancellation of a number of training courses which staff members could not be spared to attend during the expansion and realignment of the Force.

Staff assessment

Apportionment: $4,029,400; expenditure: $3,329,600; variance: $699,800

14. The unutilized balance was mainly due to the overall vacancy rate of 24 per cent in respect of international staff, which exceeded the anticipated overall vacancy rate of 5 per cent used in the original cost estimates for international staff.

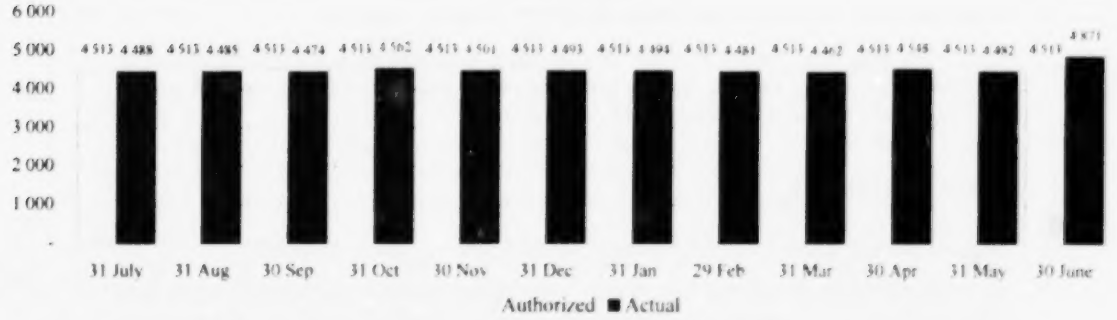
Income from staff assessment

15. This amount is derived from staff assessment (see para. 14 above).

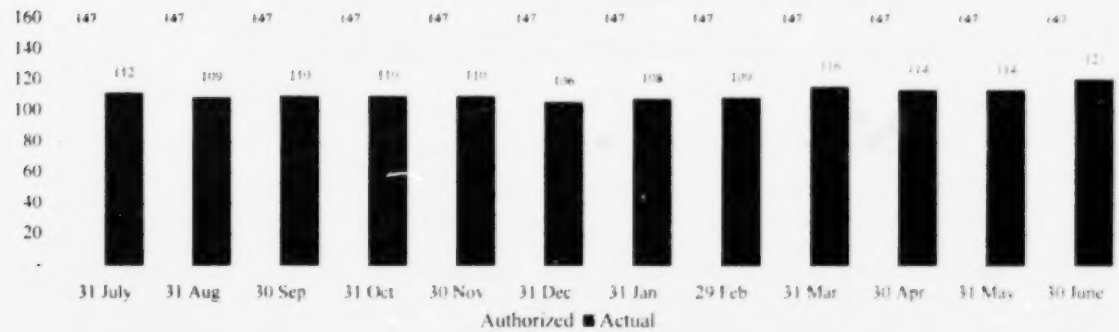
Annex III

Planned and actual deployment of military and civilian personnel for the period from 1 July 1999 to 30 June 2000

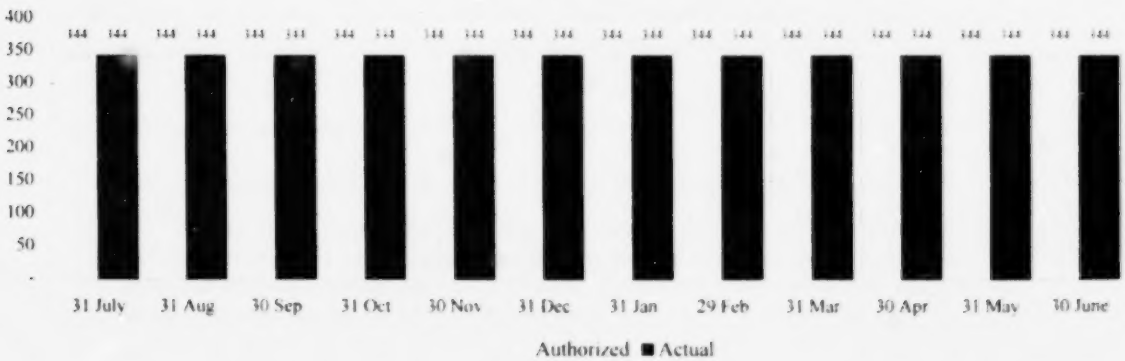
1. Military contingents



2. International staff



3. Local staff



Annex IV

Apportionment and expenditure for the period from 1 July 1999 to 30 June 2000